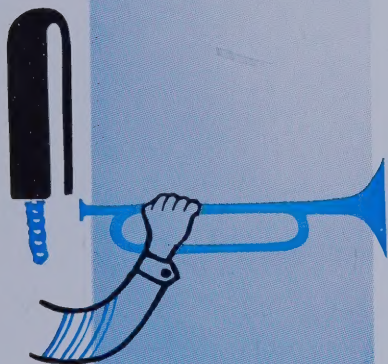


AR48

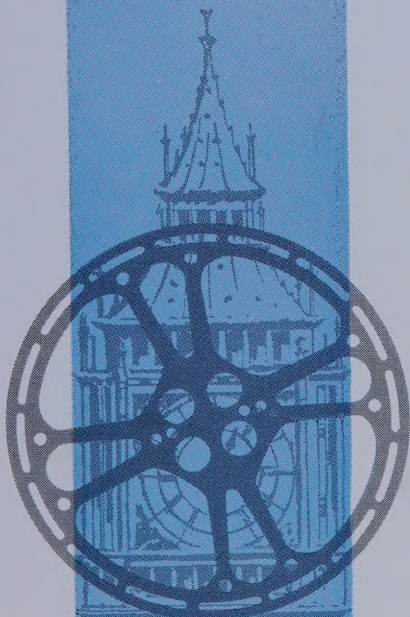


ANNUAL REPORT 1962

**atlas**

TELEFILM LIMITED

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ANNUAL REPORT 1962

**atlas**

TELEFILM LIMITED

# ATLAS TELEFILM LIMITED

## OFFICERS AND DIRECTORS

<i>President</i>	-	-	-	-	LESLIE ALEXANDER ALLEN
<i>Vice-President</i>	-	-	-	-	JAMES ANDREW COWAN
<i>Secretary</i>	-	-	-	-	JOSEPH DAWES
<i>Director</i>	-	-	-	-	JAMES EDWARD HOUSTON
<i>Director</i>	-	-	-	-	LLOYD G. MCKENZIE, Q.C.

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## REGISTRAR AND TRANSFER AGENTS

GUARANTY TRUST COMPANY OF CANADA,  
366 Bay Street, Toronto, Ont.


## AUDITORS

PEAT, MARWICK, MITCHELL & Co.,  
Prudential Building,  
King and Yonge Streets, Toronto, Ont.

## HEAD OFFICE

160 Bloor St. East,  
Toronto 5, Ont.





## PRESIDENT'S REPORT

This is my second annual report and covers the first full year of the Company under present management.

In my annual report to you dated October 18th, 1961, it was stated that exhibition agreements were expected to produce at least \$1,500,000.00 of gross income, of which 60% could be received in the year 1961/62.

I am pleased to state that receipts for the year were nearly \$900,000.00. It should be explained unequivocally that the whole amount is not shown as "income" and as such is not taxable, since a portion of it is an advance from Dola Films Limited, the Company's sales agent, for the rights to play pictures which will not be exhibited by the television stations until the next or subsequent fiscal years. Our method and amount of amortization, and allocation of receipts have not been settled.

I should like to explain to shareholders who are not familiar with the motion picture industry — this explanation pertains particularly to motion pictures for television — the principal occupation of your Company at this time — that a package or library of film is "purchased", i.e., licensed, for from 5 to 10 years more or less, for which licence the Company pays a considerable amount for an absolute outright licence. Referring to the report following you will see that your Company has paid approximately \$1,500,000.00 for licences to over 1,000 titles. It is to the advantage of your Company to de-

preciate the cost of these films in the shortest possible time from a tax standpoint, whereas the longest period of time over which the cost can be depreciated is the total licence period "purchased." This is the aspect of amortization which has not yet been settled and has, therefore, been deferred.

On the other hand, a distributor "sells" a library to a television broadcasting station on terms that the motion pictures are to play over 5 years and in many cases the library is paid for by the television station in advance all in one year and the allocation of the year in which the income is earned is not yet ascertained. This latter is the aspect of allocation of income which too has not been settled and accounts for the advance from Dola Films Limited, the Company's sales agent.

There have been two methods of "buying" motion pictures open to your Company: "buying" outright for cash or on a basis of retaining a small percentage of the gross receipts derived from the television showings after paying in addition a substantial guarantee against the share of the producer. Your Company has adopted the policy of purchasing outright which has proven more economic and the Company is enabled to deal with the motion pictures according to its own discretion without outside interference.

Your Company proposes to continue this policy and is now in the process of acquiring 3

libraries of additional British motion pictures produced by the J. Arthur Rank Organisation, Ealing and other leading producers in England (this is a result of several journeys to England) and 3 libraries of motion pictures produced in the U.S.A. by Twentieth-Century Fox, Allied Artists and other companies (this is a result of many trips to California and New York), totaling in all over 600 separate subjects. This will increase your Company's film product to over 1,600 separate subjects. Including the motion pictures in the process of acquisition, it is reasonable to estimate exhibition agreements negotiated for the Company in the amount of about \$4,000,000.00, which is the minimum outlook.

If you examine the auditors' report you will see no statement of profit and loss. This is intentional by reason of the deferred income, advances and amortization questions referred to above. Whatever way these questions are resolved I have been assured that there are substantial profits presently in the Company, and as soon as these questions are resolved and if the profits I expect are in accordance with assurances given me, I will recommend to the Directors that

a dividend be declared in an amount which the profits warrant. It will also be my recommendation to the Board of Directors that the dividend policy, in view of the fact that profits normally vary in this business very substantially from year to year, be to pay all profits as dividends after establishing a reserve to provide for future acquisitions and emergencies.

At the time of this report I am not yet in the position to make any announcement on the activities referred to in my letter-report of July 19th, 1962 except that the Company is not now proposing to acquire any radio or television stations on the West Coast of Canada.

We are now on the second plateau of the Company's progress with the fields in which we are interested proving wider than our first expectation and we look with confidence to an especially profitable year in 1963.

Yours sincerely,

LESLIE A. ALLEN,  
President.

# ATLAS TELEFILM LIMITED

## PEAT, MARWICK, MITCHELL & Co.

CHARTERED ACCOUNTANTS

PRUDENTIAL BUILDING  
KING AND YONGE STREETS  
TORONTO 1, ONTARIO

### Auditors' Report to the Shareholders

We have examined the balance sheet of Atlas Telefilm Limited as of April 30, 1962. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet presents fairly the financial position of the company at April 30, 1962 in accordance with generally accepted accounting principles consistently applied.

"PEAT, MARWICK, MITCHELL & CO.,"

*Chartered Accountants.*

Toronto, Ontario,  
October 19, 1962.



# ATLAS TELEPH

## BALANCE

April

### Assets

Cash .....	\$ 803,453.19
Government of Canada bond, at cost (market value \$825.00) .....	819.60
Film rights, at cost (notes 1 and 2) .....	1,468,714.39

### DEFERRED EXPENDITURES (incurred since January 1, 1960) (note 2):

Film print costs .....	\$ 31,050.94	
Legal and audit fees .....	28,190.71	
Commissions .....	13,124.05	
Transportation, shipping, booking, etc. ....	11,022.40	
General expense and supplies .....	9,918.72	
Public relations .....	7,510.85	
Transfer agent's fees and expenses .....	4,237.76	
Taxes and licenses .....	2,964.74	
Telephone and telegraph .....	2,455.75	
Supplementary letters patent .....	2,125.00	
Accounting and secretarial fees .....	1,550.00	
Shareholders' information .....	1,533.21	
Stock exchange and filing fees .....	1,341.88	
Inspection of films .....	1,204.26	
Insurance .....	1,168.10	
Share issue expense .....	937.07	
Annual meeting expense .....	677.34	
Directors' fees .....	175.00	
Miscellaneous .....	313.25	121,501.03
		<u>\$ 2,394,488.21</u>



# LM LIMITED

## SHEET

0, 1962

### Liabilities and Shareholders' Equity

Accounts payable and accrued expenses .....	\$ 40,152.54
Deferred income (note 2) .....	91,193.68
Advance by Dola Films Limited (non-interest bearing) .....	803,000.00

### SHAREHOLDERS' EQUITY:

#### Capital stock (note 3):

Authorized — 10,000,000 shares of no par value

Issued and fully paid —

3,934,607 shares — stated value ..... \$ 1,585,815.25

Contributed surplus arising from capital reorganization ..... 377,445.75

1,963,261.00

Deficit from mining exploration operations now discontinued ..... 503,119.01 1,460,141.99

Approved on behalf of the Board:

“J. A. COWAN,” *Director.*

“JOSEPH DAWES,” *Director.*

\$ 2,394,488.21

See accompanying notes 1 to 3 to balance sheet.

# ATLAS TELEFILM LIMITED

## NOTES TO BALANCE SHEET

April 30, 1962

1. Film rights comprise the exclusive rights (except for two films) to distribute certain films for periods which for the most part expire between 1965 and 1967. In most cases, the rights acquired apply to Canada with the exception of television stations in the area of Windsor, Ontario, and in all other cases, the rights apply to all Canada.
2. All expenses incurred in the reorganization of the company and the development of its film distribution business during the period from January 1, 1960 to April 30, 1962 have been deferred. No amortization of film costs has been recorded pending the adoption of an amortization policy for such costs. Until the policy for amortization of film costs and deferred expenditure has been adopted, income received from sale of rights to use films amounting to \$91,193.68 to April 30, 1962 has been credited to deferred income since such receipts represent only a minor portion of the estimated income to be received.
3. During the year ended April 30, 1962, 700,000 shares of the company's capital stock were issued for \$1,000,000.00 cash.





Mr. George Linton  
FINANCIAL DEPARTMENT  
Globe & Mail  
King & York Sts. TORONTO